

## Message Text

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C O N F I D E N T I A L STATE 009519

STADIS/////////  
LIMDIS

E.O. 11652: GDS

TAGS: ECRE, APER, OREP, SCUL, ENRG

SUBJECT: EA/PRCM WEEKLY STATUS REPORT

### 1. PRC PETROLEUM DELEGATION (CONFIDENTIAL)

THE PRC PETROLEUM DELEGATION ARRIVED IN THE US ON JANUARY 5  
AND WAS HOSTED AT A WELCOMING BANQUET THE NEXT DAY BY  
DEPARTMENT OF ENERGY DEPUTY SECRETARY O'LEARY, WHO  
SUBSTITUTED FOR JAMES SCHLESINGER WHEN THE LATTER WAS  
UNABLE TO ATTEND AT THE LAST MINUTE. DOE HAS BEEN SHOWING  
ITS INEXPERIENCE IN HANDLING THE GROUP, BUT DESPITE SEVERAL  
MINOR GAFFES NO SERIOUS PROBLEMS HAVE ARISEN THUS FAR. THE  
DELEGATION IS NOW VISITING TEXAS, WHERE GEORGE BUSH  
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ENTERTAINED THEM AT DINNER. BILL CLARKE OF COMMERCE IS  
TRAVELING WITH THE GROUP, AND SYLVIA STANFIELD WILL  
REPLACE HIM NEXT WEEK. OKSENBERG MAY ALSO JOIN THEM FOR  
A DAY IN NEW ORLEANS. WE ARE TRYING TO ENSURE THAT THE  
GROUP GETS A SUITABLY HIGH LEVEL RECEPTION ON ITS RETURN  
TO WASHINGTON (SCHLESINGER AS A MINIMUM), AND MIKE  
OKSENBERG IS WORKING ON A WHITE HOUSE MEETING.

2. POSSIBLE CONGRESSIONAL HEARINGS ON CHINA TRADE MATTERS (CONFIDENTIAL)

DURING CODEL CRANSTON'S MEETING WITH FOREIGN TRADE MINISTER LI CHIANG JANUARY 9, REPRESENTATIVE CHARLES WHALEN (R - OHIO) STATED THAT THE INTERNATIONAL AFFAIRS SUBCOMMITTEE OF WHICH HE IS A MEMBER WOULD SOON BE HOLDING HEARINGS ON HIGH TECHNOLOGY EXPORTS TO CHINA AND ELSEWHERE. THROUGH H, WE HAVE CHECKED WITH THE SUBCOMMITTEE STAFF AND FOUND NO SUCH HEARINGS ARE NOW SCHEDULED. IMPORTANT STAFFERS ARE NOW TRAVELLING IN EUROPE, HOWEVER, SO WHALEN MIGHT KNOW MORE THAN THOSE WE CONTACTED HERE. HOUSE BANKING SUBCOMMITTEE HEARINGS ON THE AUCOIN BILL (WHICH WOULD PERMIT THE EXIM BANK TO FINANCE TRADE WITH THE PRC) ARE TENTATIVELY SCHEDULED FOR JANUARY 26. WE ARE WORKING TO DEVELOP A STATE POSITION ON THE AUCOIN BILL BEFORE THAT DATE.

3. CODELS SEE FOREIGN TRADE MINISTER (LIMITED OFFICIAL USE)

IN A NEW TWIST TO THEIR HANDLING OF US CODELS, THE CHINESE HAVE INCLUDED A MEETING WITH FOREIGN TRADE MINISTER LI CHIANG ON THE SCHEDULES OF CODELS KENNEDY AND CRANSTON. THIS HAS BEEN IN ADDITION TO THE PREVIOUSLY STANDARD  
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MEETINGS WITH THE FOREIGN MINISTER AND A VICE PREMIER. THIS MOVE APPARENTLY REFLECTS THE PRC'S CURRENT STRONG INTEREST IN FOREIGN TRADE AND ITS GROWING APPRECIATION OF THE CONGRESSIONAL ROLE IN FOREIGN POLICY, INCLUDING ECONOMIC ASPECTS SUCH AS CREDITS, EXPORT CONTROLS, AND MFN.

4. NEXT FACILITATED CODEL (LIMITED OFFICIAL USE)

MIKE OKSENBERG AND I ARE MEETING MONDAY WITH WHITE HOUSE CONGRESSIONAL LIAISON CHIEF FRANK MOORE, TO DISCUSS THE CODEL WHICH HOPEFULLY WILL GO TO CHINA DURING THE SPRING RECESS. WE HAD BEEN CONCERNED WITH THE TARDY ACTION AND RESULTING DIFFICULTIES WE ENCOUNTERED IN PUTTING TOGETHER CODEL CRANSTON, SO WE ARE GRATIFIED THAT MOORE TOOK THE INITIATIVE TO START WORK ON THE NEXT ONE THIS FAR IN ADVANCE.

5. THE ITC AND THE PRC'S WORK GLOVE EXPORTS (CONFIDENTIAL)

AS YOU KNOW, THE WORK GLOVE MANUFACTURERS ASSOCIATION (WGMA) HAS FILED A PETITION SEEKING QUOTAS ON IMPORTS OF

PRC COTTON AND KNIT WORK GLOVES. THE INTERNATIONAL TARIFF COMMISSION (ITC) IS NOW REQUIRED TO INVESTIGATE WGMA CHARGES THAT PRC IMPORTS ARE CAUSING DOMESTIC MARKET DISRUPTION. AS A RESULT OF E0 CONTACTS WITH ITC STAFFERS, WE ARE INFORMING PRCLO OF THE POSSIBILITY THAT THE ITC WILL CONTACT THE LIAISON OFFICE DIRECTLY IN THE COURSE OF ITS INVESTIGATION. EB HAS INFORMED THE CHIEF OF THE ITC TEXTILE DIVISION OF USLO'S APPROACH TO THE CHINESE ON WORK GLOVE IMPORTS LAST FALL AND OF A RECENT REPORT INDICATING THAT CHINA MAY HAVE INCREASED ITS PRICES IN RESPONSE TO OUR APPROACH. WE UNDERSTAND THAT THE ITC WILL HOLD HEARINGS IN EARLY FEBRUARY.

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6. POSSIBLE CETA DELEGATION TO THE PRC (LIMITED OFFICIAL USE)

CHINESE/ENGLISH TRANSLATION ASSISTANCE (CETA) IS A NOMINALLY-PRIVATE, LARGELY USG-FUNDED OPERATION WHICH IS DEVELOPING A GENERAL-USE CHINESE-ENGLISH DICTIONARY AND A CHINESE-ENGLISH DICTIONARY OF SCIENTIFIC AND TECHNICAL TERMS WITH COMPUTER ASSISTANCE. CETA IS NOW PREPARING A FORMAL REQUEST TO PRCLO FOR A SMALL (6-8 MEMBER) DELEGATION TO VISIT THE PRC THIS YEAR. CETA'S EXECUTIVE SECRETARY MET WITH PRCLO'S HSIEH CHI-MEI EARLIER THIS MONTH TO DISCUSS THE PROSPECT, AND HSIEH APPEARED FORTHCOMING. AN EXCHANGE OF LEXICOGRAPHERS AND LINGUISTS HAS BEEN DISCUSSED OFF AND ON WITH THE CHINESE SINCE 1972, AND MUCH OF CETA'S END PRODUCT THUS FAR HAS BEEN PROVIDED TO THE PRC. CETA WOULD LIKE TO DEVELOP A DIRECT RELATIONSHIP WITH ITS PRC COUNTERPARTS, INCLUDING EXCHANGES OF DICTIONARIES AND MATERIALS, BUT ITS EARLIER OVERTURES HAVE NOT BEEN RECIPROCATED.

7. CHINA SPECIALISTS: INTERPRETING; LANGUAGE TRAINING AND TRANSFERS (LIMITED OFFICIAL USE)

THE NEW POSITION - IN LANGUAGE SERVICES DIVISION - FOR A CHINESE INTERPRETER WAS FINALLY ESTABLISHED THIS WEEK. FORMAL RECRUITMENT CAN NOW PROCEED. HARVEY FELDMAN AND I MET WEDNESDAY WITH HARRY BARNES AS PART OF AN EFFORT TO UPGRADE THE LANGUAGE COMPETENCE OF CHINA SPECIALISTS. WE ALSO MET THIS WEEK WITH JOHN LLOYD OF PERSONNEL IN A CONTINUING ATTEMPT TO RESOLVE MULTIPLE CHINA SPECIALIST ASSIGNMENT PROBLEMS; SOME 20 CHINA OFFICERS IN THE DEPARTMENT AND IN THE FIELD WILL BE SHIFTING THIS SUMMER.

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8. NATIONAL COUNCIL'S REQUEST FOR AN FSO (CONFIDENTIAL)

WE ARE LOOKING INTO NATIONAL COUNCIL FOR US-CHINA TRADE PRESIDENT CHRIS PHILLIPS' REQUEST TO HAVE A USG-SALARIED FSO DETAILED TO HIS ORGANIZATION. OUR PRELIMINARY FINDING IS THAT THE LAW PREVENTS US FROM PAYING THE SALARY OF AN FSO WORKING FOR A PRIVATE AGENCY, BUT PERSONNEL IS CHECKING FURTHER WITH L.

9. CHINESE TECHNICIANS TO KELLOGG FOR TRAINING  
(CONFIDENTIAL/NF/NC)

KELLOGG-PULLMAN, WHICH HAS BUILT EIGHT FERTILIZER PLANTS IN CHINA, INFORMS US THEY WILL BE BRINGING EIGHT TECHNICIANS FROM TWO OF THE PLANTS TO HOUSTON FOR TRAINING SOMETIME AFTER JANUARY 20. THE CHINESE WILL BE TAUGHT HOW TO CONVERT THE PLANTS FROM USING NATURAL GAS TO NAPHTHA, AN OIL REFINERY PRODUCT. THE CHINESE HAVE HAD DIFFICULTY MOVING NATURAL GAS TO THE PLANT SITES, AND NAPHTHA IS BECOMING MORE WIDELY AVAILABLE AS CHINA'S OIL INDUSTRY GROWS. STILL, THE CONVERSION WILL COST THE PRC \$15 MILLION--20 PERCENT OF THE ORIGINAL PLANT COST--AND DELAY PRODUCTION FOR ONE YEAR, FORCING CHINA TO IMPORT AN ADDITIONAL \$160 MILLION WORTH OF FERTILIZER.

10. CLAIMS/ASSETS (CONFIDENTIAL)

WE ARE MEETING WITH HERB HANSEL JANUARY 13 TO REVIEW WHERE MATTERS STAND ON CLAIMS/ASSETS AND TO DISCUSS HOW TO PROCEED. TREASURY HAS BEEN STAFFING OUT SOME EARLIER IDEAS, AND WE HOPE TO HAVE A BETTER FIX ON THE RANGE OF POSSIBILITIES BY THE TIME YOU RETURN.

CHRISTOPHER

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## Message Attributes

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